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Comptroller

25 OCT 1955

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Chief, Technical Accounting Staff

Control Over Property Issues Through Allotment Accounts

25X1  
REFERENCE: (a)

[Redacted]

(b) [Redacted] - Property authorization Control Procedure

(c) Draft - [Redacted] Property Authorization Control Procedure

(d) Statement of Accounting Principle and Standards for Guidance of Executive Agencies in the Federal Government, Pages 25-31, incl.

1. The so-called revolving fund method outlined in Tab F of reference (a) for funding the procurement of property for all Agency projects and activities was recently considered at Headquarters for application on an Agency-wide basis and was rejected for the following reasons:

a. The merging of control methods over property issues from stock with those provided over appropriated funds, as contemplated by Tab F, would result in a loss of control over the utilization of appropriated funds. Under the proposed method the unobligated balances of allotments would be decreased by both actual funds obligated and property issued from inventories; thus, the allotments would need to be sufficiently large to absorb both types of charges, and in periods of reducing stock levels the allotments would have to exceed actual appropriated funds available. With a single control device in the form of allotment accounts to absorb both types of charges, there would be no assurance that actual obligations of appropriated funds in the aggregate would not exceed total annual appropriations. Such assurance is essential.

b. The operation of such a revolving fund technique would necessitate duplicate allotments in order to provide procurement funds for inventory replacements since allotments to using components and activities would include amounts deemed necessary to cover materiel to be requisitioned from stock. Such duplicate allotments could not properly be issued since the Budget Division has no authority for issuing allotments in excess of the total agency budget for the period.

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2. In view of the foregoing the Agency adopted a control system over property issues which involves the maintenance of property issue controls separate from the allotment system for controlling appropriated funds. This procedure has been implemented at Headquarters based upon reference (b).

[Redacted]

3. The establishment with property authority of a true revolving fund for financing Agency inventory requirements has been considered; however, in the absence of legislation authorizing and providing capital funds for such a true revolving fund, the Agency has adopted the Property Authorization Control Procedure for establishing control over property issues.

4. For your further information reference (d) sets forth on pages 25 to 31 the policy statement of the General Accounting Office relative to property accounting by Federal Government agencies.

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~~Property Authorization Control Procedure~~

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